Privatization in Egypt

Quarterly Review
April – June 2003

Privatization Implementation Project
www.egyptpip.com

Implemented by IBM Business Consulting Services
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Table of Contents

Table of Figures

LIST OF ACRONYMS

CAA	Central Auditing Agency
CBE	Central Bank of Egypt
CMA	Capital Markets Authority
ERP	Early Retirement Program
ERS	Early Retirement Scheme
FY	Fiscal year represented by the period 1-July to 30-June
GOE	Government of Egypt / Arab Republic of Egypt
HC	Holding Company
JV	Joint Venture
MFT	Ministry of Foreign Trade
MOEFT	Ministry of Economy & Foreign Trade
MOTS	Ministry of Trade & Supply
MPE	Ministry of Public Enterprise
NA	Not Available
PBSIC	Public Business Sector Information Center
PE	Public Enterprise
PEO	Public Enterprise Office
PIP	Privatization Implementation Project
US	United States
USAID	United States Agency for International Development

Introduction

The second quarter of 2003 was another challenging period to work on privatization in Egypt due to the continuation of the war in Iraq and slow/difficult worldwide economy. Although, the political uncertainty in the region has sustained a fragile investment environment, the Government of Egypt (GOE) has continued to move forward.

The main activities that occurred during the second quarter revolve around ongoing bids and negotiations. In June 2003, bids were collected for the Helnan Shepheard Hotel, but none of the bids reached the reserve price, negotiations still underway.
Mansoura for Resins & Chemical Industries, Tanta Flax, and Al Nasr Glass & Crystal factories have also been offered during this quarter.

Another major action during the recent quarter is the dissolution of the Engineering Industries Holding Company. In an effort to minimize the losses continually recognized by the Engineering Industries Holding Company, the remaining companies held by this holding company have been distributed among the Chemical Industries, Metallurgical Industries, Construction and Development, and Maritime Transportation Holding Companies.

Consideration has continued regarding the debt settlement in Law 203 companies. Also, the Divestiture & Valuation Committee for JV's and the Privatization Ministerial Committee has approved proceeding with the privatization of public shareholdings in an additional thirty-three joint ventures.

The following report provides an overview of the major activities relating to the privatization program during the quarter ended 30 June 2003, as well as historical data. This information is intended to provide a better understanding of these activities within three main sections of the report: Ministry of Public Enterprise, Recently Selected Companies for Privatization, and Privatization Development with related and detailed information on Law 203 and joint venture companies.

مقدمة:

شهد الربع الثاني من عام 2003 استمرار التحديات التى تحيط ببرنامج الخصخصة في مصر نظرا لاستمرار الحرب في العراق . وقد استمرت جهود الحكومة المصرية في دفع عجلة البرنامج على الرغم من حالة التوتر السياسي التى خيمت على المنطقة باسرها و التي صاحبها حالة من المناخ الاستثماري الغير جاذب.

دارت الانشطة الاساسية خلال الربع الثاني من عام 2003 حول الاستمرار في المناقصات و المفاوضات. في يونيو 2003 تم تلقي العروض الخاصة بفندق هلنان شبرد الا انه لم يصل اى عرض من العروض المقدمة الحد الادنى من السعر المطلوب و لذلك تقرر أن يتم قبول عروض أخري محسنة مع نهاية شهر يوليو 2003. كذلك لم تثمر المفاوضات الخاصة بعمر أفندي عن أى نتائج نظرا لعدم الوصول الى شروط مقبولة للطرفين . تم طرح المناقصات لكل من شركة المنصورة للراتنجات و الصناعات الكيماوية و طنطا للكتان والزيوت و شركة النصر للزجاج و البلور خلال الربع الثاني من 2003.

كان قرار دمج الشركة القابضة للصناعات الهندسية فى الشركة القابضة للصناعات االكيماوية من أهم القرارات التى اتخذت خلال الربع الثانى من هذا العام و قد تم توزيع الشركات الخاضعة للشركة القابضة للصناعات الهندسية على كل من الشركات القابضة: الكيماوية و المعدنية والشركة القابضة للتشيد و الشركة القابضة للنقل البحري و ذلك في محاولة للحد من الخسائر المستمرة للشركات الهندسية.

استمرت المناقشات حول تسوية مديونيات الشركات الخاضعة للقانون 203 من خلال توريق الديون ، هذا الى جانب الجهود المستمرة من جانب كل من لجنة التصرف و التقييم لحصة المال العام فى الشركات المشتركة و اللجنة العليا للخصخصة فيما يختص بخصخصة ملكية القطاع العام في 33 شركة من الشركات المشتركة.

يعرض التقرير التالي الانشطة الخاصة ببرنامج الخصخصة خلال الربع الثاني من عام 2003 و المنتهي في 30 يونيو بالاضافة الى البيانات التاريخية. تقدم المعلومات التي يشتمل عليها هذا التقرير فهم افضل لهذة الانشطة من خلال ثلاث اجزاء من التقرير هي: وزارة قطاع الاعمال ، الشركات المختارة حديثا للخصخصة و تطور الخصخصة مع التركيز على و اعطاء معلومات تفصيلية عن الشركات الخاضعة للقانون 203 و الشركات المشتركة.

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MINISTRY OF PUBLIC ENTERPRISE

The Ministry of Public Enterprise (MPE), through its Public Enterprise Office, is responsible for managing and coordinating efforts towards divestiture of public sector stakes in JV's. This section provides a description of activities of the privatization program related to Law 203 and JV companies including recent privatizations, activities to privatize companies, efforts to reduce debt, impact of a new exchange rate policy, status of so-called privatization by capitalization, and tender announcements.

A. Privatization Efforts relating to Law 203 Companies

During the second quarter of 2003, the pace of the privatization program has remained slow. The most significant reason for this slow down in activity reflects slowing global economic conditions and concern about the potential impact that the war in Iraq would have in the region.

Table 1

Number and Types of Privatizations Through June 2003

Year	Majority Privatization (>51% sold)					Partial Privatization & Leases			
	Anchor Investor	Majority IPO	ESA	Liquidation	Majority Total	Minority IPO	Asset Sales	Leases	Partial Total
1991				4	4				
1992				1	1				
1993				1	1				
1994	3		7	2	12	1			1
1995		1	3	2	6	6			6
1996	3	14		1	18	6	1		7
1997	3	14	3	3	23	2	1	2	5
1998	2	8	12	6	28	1	3		4
1999	9		5	7	21		4	8	12
2000	5	1		3	9		6	8	14
2001	3		2	2	7		3	1	4
2002	1		2	1	4		4		4
2003							2		2
Total	**29**	**38**	**34**	**33**	**134**	**16**	**24**	**19**	**59**

Source: PEO; compilation and presentation by PIP

Despite these circumstances, the GOE continued its efforts to move the privatization program forward. Helnan Shepheard Hotel was tendered during the month of June 2003. The Egyptian General Company for Tourism and Hotels received four offers, which were still under negotiation as of June 30. Bidders have a chance till end of July 2003 to improve their bids.

Currently, the Ministry of Public Enterprise, is carrying out a modernization plan plan for the other five companies affiliated with the Trade Holding Company in order to upgrade the companies before offering them for sale. Minister of Public Enterprise, Mokhtar Khattab stated in an interview that investors would be more attracted to buy a company with a noticeable good performance and profitability.

B. Dissolution of The Holding Company for Engineering Industries

The Ministry of Public Enterprise decided to dissolve the Engineering Industries Holding Company. While the affiliated engineering companies are fairly large in size, all are realizing losses. In order to reform/restructure these companies in preparation forprivatization, the MPE decided to merge them into profitable Holding Companies, which cash flow could be used to finance the restructuring of the engineering companies. The engineering companies were primarily distributed among the Chemical & Metallurgical Holding Companies.

Companies affiliated to the Engineering Industries HC were be distributed among four other holding companies: eight were transferred to the Chemical Industries Holding Company; seven were transferred to the Metallurgical Industries Holding Company; the Construction Holding Company received one company and the Maritime Transportation Holding Company received three companies.

The dissolution of the Engineering Holding Company was announced during the general assembly meetings of the holding companies that were held on June 8th, 2003. The dissolution of the Engineering Holding Company comes within the framework of efforts to reduce the number of holding companies, from an original twenty seven in 1991 to nine in 2003 after this most recent restructuring.

Table 2
Holding Company for Engineering Industries Distribution Plan

No.	Affiliate Company	Holding Company
1	Al Nasr Rubber – Naroubin	**Chemical Industries HC**
2	Transport & Engineering	
3	Transportation Facilities Industry	
4	Al Nasr Electrical Apparatus (NEEASA)	
5	Egyptian Light Transport Industry	
6	Tractors & Engineering	
7	Al Nasr Television and Electronic Products	
8	Egyptian Pipes – SIEGWART	
9	Egyptian Copper Factories	**Metallurgical Industries HC**
10	Al Nasr Forging	
11	Al Nasr Automotive	
12	Cairo Metal Products	
13	Alexandria for Metal Products	
14	Precision Industries – SABI	
15	Al Nasr Cooling-KOLDAIR	
16	Al Nasr Boilers*	
17	Nile General Engineering	**Construction HC**
18	Engineering Automotive Manufacturing Company (EAMC)	**Inland & Maritime Transport HC**
19	Egyptian Inland & Tourism Services **	
20	Alexandria for car services & maintenance **	

Source: PEO; compilation and presentation by PIP

*** Under liquidation proceedings, assets were sold in 1994.**

**** These two companies were spun-off from Al Nasr Automotive Company**

Table 3
Engineering Industries Holding Company Consolidated
Financial Summaries

LE 000

Year	Operating Revenue	Total Revenue	Salaries	Interest paid	Net losses	Net Equity	L/T Loans	Over-draft
2001	1,173.5	1,412.4	276	158.9	-225.8	-93.3	733	1,166
2002	994	1,170.3	285	181.5	-373	-408	7,63.6	1,162

- In the last two years the HC revenues amounted to LE 2.5 million and its total losses amounted to approximately LE 600 million;
- The total long term loans and overdraft in 2002 amounted to approximately LE 8.7 million
- The HC has a negative net worth of LE 408 million;
- Salaries represent approximately 29% of the total operating revenue.

C. Privatization by Capitalization – Current Status

The MPE has selected eight companies to be privatized by capitalization, The method was approved and is currently being applied. The table below presents the status of the companies offered through this method. In addition, a brief description and summarized financial statements for these eight (8) companies follow.

Table 4
Status of Companies to be Privatized by Capitalization

Company	Promoter Selected	Status
Engineering Automotive Manufacturing Company - EAMC	Cairo Capital Group	Five local Investors have expressed initial interest in the Co.
EDFINA for Preserved Foods	Ernst & Young	Initial interest from potential investor
Kom Hamada Spinning and Weaving	Compu Egypt	An offer was received and is being reviewed by the HC.
Mahmoudeya Spinning and Weaving	Global Capital – OSAF	3 local and 1 foreign investor have expressed interest
El Nasr Rubber Products - NAROUBIN	Global Capital – OSAF	Express of initial interest
The General Egyptian Company for Railway Wagons and Coaches - SEMAF	TIIA/ZAROUK BDO/NBE	One international investor visited the site in order to submit in a letter of intent. Also received offer from a local consortium with foreign partner.
El Nasr Electric & Electronic Apparatus SAE – NEEASAE	Egyptian Abroad	One prominent local investor specialized in this field expressed initial interest in the Co.
Dyestuff and Chemicals	PKF – Delta	Several local investors had expressed initial interest in the company.

Source: PEO; compilation and presentation by PIP

1. Engineering Automotive Company (EAMC)

Engineering Automotive Manufacturing Company was established as an independent company in July 2000, after being spun off from El Nasr Automotive Manufacturing Company. The Company's authorized capital is LE 200 million, its paid in capital is LE 100 million, represented by 10 million shares with a par value of LE 10 each which are all owned by the Holding Company for Engineering Industries. The Company is located in Wady Hof, Helwan, and Cairo on a 319,819 square meters site. The Company has no other branches.

The Company's bylaws state that EAMC may import, export and sell any products similar to those it produces. The Company has the right to be associated with any company operating in the same field both in Egypt and internationally. In addition, EAMC is authorized to engage in dealerships, free zones and establish service and maintenance centers.

The Engineering Automotive Manufacturing Company (EAMC) is the major bus and truck manufacturer in Egypt and it has accounted in recent years for about 46% of the total Egyptian market. Other assemblers including local partners of Mercedes, Renault, General Motors, Scania, etc., account for the balance. Due to its tight working capital situation, EAMC is handicapped in exploiting fully its production facilities. Therefore, the Company is being privatized by offering at least a controlling majority of its shares to a strategic investor, who would subscribe to a capital increase and would invest funds to increase the working capital levels in the Company.

Table 5
Engineering Automotive Company Financials

	Fiscal Year Ending June 30	
(LE 000)	**2001**	**2002**
Revenues	213,367	198,565
Net Profit	6,763	3,161
Total Current Assets	209,637	289,529
Total Fixed Assets	11,176	12,324
Total Current Liabilities	118,539	198,268
Shareholders' Equity	102,019	102,511

Source: PEO; compilation and presentation by PIP

A detailed information memorandum is being prepared by Cairo Capital Group and is currently being reviewed by the Company, and will be made available to interested investors upon request.

2. EDFINA Company for Preserved Foods

The Company was established in 1956 as a private food processing company and was nationalized in 1961. It was later registered as an affiliate of the Food Industries Holding Company in 1991, under law No. 203. The Company is one of the oldest Egyptian food processing companies and has a wide variety of products. Food processing is one of the largest industries in Egypt and has strong potential for both domestic and export growth. The continually growing Egyptian market for processed foods has attracted large investments over the past decade.
Currently, juices represent approximately 43% of EDFINA's sales. Other product lines are preserved vegetables, preserved legumes, preserved fruits, frozen fish, and tomato pastes. The Company owns and rents several retail outlets.

EDFINA's current management has been in charge since 1998. With limited resources, management has turned around the Company from a history of underperformance and losses to profitability. In addition, management believes that with some additions to existing plant, significant improvements to performance can be achieved.

Management expects that investments in two Tetra-Pak lines, one aseptic line, and some other minor investments will result in the doubling of sales and improved profit margins without any significant increase in the number of full time employees.

Table 6
EDFINA Company for Preserved Foods Financials

	Fiscal Year Ending June 30	
(LE 000)	**2001**	**2002**
Revenues	59,979	58,184
Net Profit	3,690	3,195
Total Current Assets	53,151	53,886
Total Fixed Assets	32,529	30,855
Total Current Liabilities	19,497	18,983
Shareholders' Equity	63,795	62,874

Source: PEO; compilation and presentation by PIP

A detailed information memorandum is being prepared by Ernst & Young and is currently being reviewed by the Company, and will be made available to interested investors upon request.

3. Kom Hamada Spinning Company

Kom Hamada was established in May 1999 after it was split from Kafr El Dawar Spinning and Weaving Co. The Company is located in the small city of Kom Hamada in the Beheira Governorate about 65 kms from Alexandria, and is connected to a very good network of roads to Cairo, the Delta Region and Alexandria.

The Company specializes in the spinning of cotton and polyester fibers, and blends thereof. At the present time, the Company has 51,000 spindles producing an average of 14 tons per day with an average count of NE 23.5.

The Company has a wide range of customers in the Delta region, in Alexandria and the city of Mehalla Kubra, which is the biggest textile center in Egypt, North Africa and the Middle East. Some of the customers of Kom Hamada are exporters of terry fabrics produced by weaving the cotton yarns purchased from the company thus reflecting the confidence in the quality of the yarns supplied.

The Company offers an attractive investment opportunity in the Egyptian textile sector due to a combination of factors arising from the position of the Company itself and the general investment environment in Egypt. The location of Kom Hamada is extremely advantageous as it lies in the Governorate of El Beheira, which links the Delta region to the city of Alexandria, which places it in the middle of a major market with more than one fourth of the total population of Egypt.

Table 7
Kom Hamada Spinning Company Financials

	Fiscal Year Ending June 30	
(LE 000)	**2001**	**2002**
Revenues	18,295	27,248
Net Profit	(8,793)	(10,645)
Total Current Assets	19,262	17,939
Total Fixed Assets	7.906	8,394
Total Current Liabilities	40,372	45,209
Shareholders' Equity	(12,460)	(18,431)

Source: PEO; compilation and presentation by PIP

A detailed information memorandum is being prepared by Compu Egypt Group and will be made available to interested investors upon request.

4. El Mahmodeya Spinning & Weaving Company

El Mahmodeya was established in May 1999 after it was split from Kafr El Dawar Spinning and Weaving Co. The Company is located in the small city of El Mahmodeya in the Beheira Governorate about 50 km from Alexandria, and it is connected to a very good network of roads to Cairo, the Delta Region and Alexandria.

The Company specializes in the spinning of cotton, polyester and viscose fibers and blends. At the present time, the Company has 14,400 spindles producing an average of 4 tons per day with an average count of NE 25.

El Mahmodeya is currently committed to the domestic market, selling carded cotton yarns and polyester/viscose cotton blended yarns to weavers. The Company requires financial and production restructuring in order to reduce the cost of goods sold and to increase production capacity. Installing new machines will eliminate bottlenecks, increase production, and improve the Company's product mix. The upgrading of the technical capabilities of the Company will allow the Company to compete successfully in export markets.

According to the Egyptian Textile Manufacturers Federation, there are around 4,000 private sector companies working in the textile sector. These companies still depend to a great extent on yarns and fabrics produced by the Egyptian public sector, which produces more than 80% of the cotton yarns, more than 55% of the woven and knit cotton fabrics, and approximately 20% of ready made garments produced in Egypt.

Table 8
El Mahmodeya Spinning & Weaving Company Financials

	Fiscal Year Ending June 30	
(LE 000)	**2001**	**2002**
Revenues		10,918
Net Profit		(6,267)
Total Current Assets	7,230	7,398
Total Fixed Assets	6,922	6,878
Total Current Liabilities	20,433	24,436
Shareholders' Equity	(11,868)	(16,266)

Source: PEO; compilation and presentation by PIP

A detailed information memorandum is being prepared by Global Capital-Osaf and is currently being reviewed by the Company, and will be made available to interested investors upon request.

5. El Nasr Company for Rubber Products (NARUBIN)

Established in 1961, Narubin retained its name when it merged in 1962 with a sister company, Rubber and Shoes Company. Almost a year and a half later, in August 1963 another company, El Nasr Factories for Rubber & Latex, was nationalized and merged with Narubin.

Narubin became an affiliate of the Engineering Holding Company in February 1993 and operates in accordance with Law 203 of 1991. The paid in capital is LE 23.9 million, represented by 238,560 shares with a par value of LE 10 each, and are currently owned by the Holding Company for Chemical Industries.

Narubin is the only Egyptian company specializing in the production of a wide range of rubber products (excluding car tires). The Company's products are dominant in the domestic market with a 60% share of the conveyor belt market, and 90% of the rubber flooring market. The Company is the only producer of conveyor belts in Egypt.

The main products of Narubin are conveyor belts. Other major products include flooring, and pressure and wrapped hoses. Additional products include cylinder coating, tank lining, molded goods, and latex products. These products encounter considerable competition from imports.

Table 9
El Nasr Company for Rubber Products (NARUBIN) Financials

	Fiscal Year Ending June 30	
(LE 000)	**2001**	**2002**
Revenues	14,598	11,781
Net Profit	(3,458)	(14,991)
Total Current Assets	41,317	35,848
Total Fixed Assets	4,128	3,734
Total Current Liabilities	30,939	34,068
Shareholders' Equity	7,239	(7,503)

Source: PEO; compilation and presentation by PIP

A detailed information memorandum is prepared by Global Capital-Osaf and is currently being reviewed by the Company, and will be made available to interested investors upon request.

6. El Nasr for Electric and Electronic Apparatus S.A.E. (NEEASAE)

NEEASAE was established in 1930 under the name of Philips Orient, a Dutch joint stock company. In 1961, 50% of Philips Orient's capital was nationalized, and the Company was renamed El Nasr for Electric and Electronic Appliances.

In January 1998, the Holding Company acquired the 50% share held by Philips in NEEASAE, which resulted in the Holding Company increasing it's holding to 100%. NEEASAE has a continuing agreement with Philips, which supplied most of the Company's machinery and equipment, for product development and the supply of machinery, as well as the provision of technical training.

The Company operates under Public Enterprise law 203 of 1991 and is located in Nozha, Alexandria on a 59,490 square meters site.

NEEASAE is Egypt's largest producer of a wide range of electric lamps, including regular glass lamps or "GLS", fluorescent lamps (tubular lamps, or "TL") and energy-saving fluorescent lamps (energy-saving tubular lamps, "TLD"). The Company is considered a pioneer in Egyptian industry, and its products enjoy strong brand recognition.

NEEASAE was the first Egyptian public sector company to acquire ISO 9002 certification in January 1994, which combined with its service and maintenance workshops makes the Company unique in Egypt. The Company in acquiring the CE and TÜV designations for quality has been recognized by the European Union and Germany, respectively. In July 2000, NEEASAE was granted ISO 14001 certification on meeting strict environmental protection requirements.

Table 10

El Nasr for Electric and Electronic Apparatus S.A.E. (NEEASAE) Financials

	Fiscal Year Ending June 30	
(LE 000)	**2001**	**2002**
Revenues	62,208	63,623
Net Profit	(21,744)	(23,529)
Total Current Assets	73,903	65,948
Total Fixed Assets	100,428	99,681
Total Current Liabilities	100,651	99,885
Shareholders' Equity	(14,773)	(32,005)

Source: PEO; compilation and presentation by PIP

A detailed information memorandum is being prepared by the Egyptians Abroad Company for Investment and Development and is currently being reviewed by the Company, and will be made available to interested investors upon request.

7. The General Egyptian Company for Railway Wagons & Coaches (SEMAF)

SEMAF was established in November 1955 as a manufacturer and assembler of a wide range of rolling stock to meet the railways requirements for freight and passenger carriages. Similarly rolling stock is produced and refurbished to meet the requirements of the expanding rapid transport system, urban metro and tram systems. In addition, it manufactures light and heavy engineering products and equipment for the rail transport sector.

SEMAF also has design capabilities allowing for the design and manufacture of purpose built rolling stock and carriages, as well as a range of light and heavy steel structures.

The Company is the only producer in Egypt of carriages and rolling stock for the railway, metro and tram markets.

SEMAF is affiliated with the Metallurgical Industries Holding Company and has a paid up capital of LE 25 million, represented by 250,000 shares with a par value of LE 100.

The Company is the only Egyptian producer and assembler of carriages and rolling stock for the railway, metro and tram markets. SEMAF has existing contracts with the Egyptian Railway Authority worth LE 484 million, which will be executed over the next three to four years.

Table 11
The General Egyptian Company for Railway Wagons & Coaches (SEMAF) Financials

	Fiscal Year Ending June 30	
(LE 000)	**2001**	**2002**
Revenues	36,056	37,532
Net Profit	8,283	7,029
Total Current Assets	382,137	427,913
Total Fixed Assets	46,369	46,584
Total Current Liabilities	298,703	356,325
Shareholders' Equity	73,511	76,023

Source: PEO; compilation and presentation by PIP

A detailed information memorandum is being prepared by The International Investment Advisor TIIA and is currently being reviewed by the company, and will be made available to interested investors upon request.

8. Dyestuffs and Chemicals Company

The Dyestuffs and Chemicals Company was founded in 1963 in Ismalia by the Government of Egypt to manufacture and supply dyestuffs to local dyeing and spinning companies. Its establishment was considered to be of strategic importance.

The Company currently specializes in the production of dyes, chemicals and pesticides. Other activities include the production of sulphuric acid as a by-product of dye manufacture, fabrication services for clients and the importation and sale of dyes.

The Company's authorized and paid in capital of 30 million LE is 100% owned by the Holding Company for Chemical Industries.

The Company is one of the largest manufacturers of dyes in Egypt serving Egypt's textile industry, which has considerable growth potential. Domestically, the Company currently has a 30% market share in vat dyes. The Company is currently conducting a feasibility study for the production of 21 new products (pigment, reactive and disperse dyes) with the assistance of an Indian company.

Table 12
Dyestuffs and Chemicals Company Financials

	Fiscal Year Ending June 30	
(LE 000)	**2001**	**2002**
Revenues	26,230	26,803
Net Profit	(10,940)	167
Total Current Assets	53,427	49,259
Total Fixed Assets	6,388	5,524
Total Current Liabilities	49,536	31,376
Shareholders' Equity	(12,966)	(12,501)

Source: PEO; compilation and presentation by PIP

A detailed information memorandum is being prepared by Delta-PKF Group and is being reviewed by the company, and will be made available to interested investors upon request.

D. Law 203 Tender Announcements

There have been no companies privatized during this quarter. During the 2nd quarter of 2003, four companies were tendered as shown in the following table.

Table 13
Announcements during the Second Quarter – 2003

Company Name	For Sale	Tender Opened	Tender Closed	Status
Mansoura For Resins & Chemical Industries (S.A.E)	Shares	10-May-03	12-Aug-03	Pending
Tanta Flax	Shares	1-Jun-03	5-Aug-03	Pending
Helnan Shepheard Hotel	Assets	25-Jun-03	15-Jun-03	Offer below reserve price. Negotiatioins still underway
Al Nasr Glass & Crystal	Three production lines	10-Jun-03	Yassin Factory 23-Jun-03 Medical Ampules 21-July-03 Glass Bottles 11-Aug-03	Two Bids for Yassin Factory under negotiation.

Source: PEO; compilation and presentation by PIP

Helnan Shepheard Hotel was offered by the HC for Housing, Tourism and Cinema for the second time. The HC received two bids but were still below the reserve price . Currently negotiations are still underway.

The Holding Company for Metallurgical Industries received two bids for Al Nasr Glass & Crystal's Yassin Factory. One bid was 10% higher than the reserve price, therefore accepted and is being presented to the board of directors.

E. Selected Joint Venture Companies

The Ministerial Privatization Committee approved a plan to proceed with the offering of public sector stake in 33 Joint Venture companies. These companies operate in nine sectors and have an aggregate paid-in capital of LE 6.6 billion, which represents approximately 13% of the total paid-in capital from the JV portfolio of companies. The public sector paid-in capital of these 33 selected companies is LE 3.7 billion. The following table provides details of paid-in capital and public sector ownership of these selected JV companies.

Table 14
JV Companies offered for sale by sectors

	Sector	Paid-in Capital Total LE millions	Public Ownership PIC Amount LE millions	Public Ownership Percent of Total PIC
1	**Chemical**	**1,318**	**598**	**45%**
2	Electrical Contracting	10	4	39%
3	**Food**	**801**	**653**	**81%**
4	Housing	224	127	57%
5	Maritime Transportation	8	3	38%
6	**Metallurgical**	**2,826**	**1,818**	**64%**
7	Pharmaceutical	537	166	31%
8	Textile	469	161	34%
9	Tourism	460	235	51%
	TOTAL	**6,652**	**3,764**	

Source: PEO; compilation and presentation by PIP

As shown in the above table, Joint Venture companies in the Metallurgical, Chemical, and Food sectors have the highest paid-in capital with 74% of the LE 6.6 billion total paid-in capital. In addition, companies in four of the nine sectors (Food, Metallurgical, Housing, and Tourism) have public ownership of greater than 50%.

Three sectors with the highest paid in capital and highest public share are presented in the following section.

1. Chemical Industry Sector

Table 15
Chemical Industry Sector Financials FY 2001/2002

Company	*Sales*	*Net Profit*	*Equity*	*Total Assets*	*Total Bank Debts*	*Profit Margin*	*Return on Equity*	*Return on T. Assets*
Chemical Sector								
Abu Kir Fertilizer Co	931,890	338,372	1,215,735	2,271,468	311,037	36.3%	27.8%	14.9%
Egyptian Fertilizers	68,776	20,500	138,666	288,176	122,849	29.8%	14.8%	7.1%
Egyptian Financial & Industrial Co	222,032	47,795	503,598	789,193	155,567	21.5%	9.5%	6.1%
Paints & Chemical) Industries (Pachin)	140,603	62,513	427,583	559,976	84,080	44.5%	14.6%	11.2%

Source: PEO; compilation and presentation by PIP

a. **Abu Kir Fertilizers and Chemical Industries** (Abu Kir) started commercial operation in 1979 to manufacture nitrogen fertilizers. Since then, Abu Kir has been the leading nitrogen producer in the Egyptian market. The Company's main products are Ammonium Nitrate, and Grilled and Granular Urea. The Company dominates about 70% of the local market. The Company's factories are located on the coast of Abu-Qir, Alexandria, close to natural gas supplies from the Abu Qir fields, water supply and easy access to roads and the port of Alexandria. The Company is currently constructing a new ammonium nitrate production plant with annual capacity of 804,000 tons.

The Government-owned shareholders will offer interests representing between 53.6% of total issued and outstanding shares. Additional information will be made available to prospective investors at the time of the tender offer.

Table 16
Abu Kir Fertilizers Financial Summary

(LE 000)	FY 2001	FY 2002
Revenues	938,471	931,890
Net Profit	317,172	338,372
Total Current Assets	1,012,108	1,253,497
Total Long Term Assets	1,107,689	1,017,420
Current Liabilities	492,988	593,211
Long Term Liabilities	429,267	462,523
Shareholders' Equity	1,197,542	1,215,183

Source: PEO; compilation and presentation by PIP

b. **The Egyptian Fertilizers Company** (EFC) is a joint venture company established in 1998 under law 237 of 1998. The Company produces a wide range of chemical fertilizers and other related chemicals. The Company exports part of its production to the United States and other countries. EFC is located northwest of the Gulf of Suez – Ain Sokhna.

The Government of Egypt, represented by the Holding Company for Chemical Industries, is offering up to 56% of the shares of Egyptian Fertilizers Company. Additional information will be made available to prospective investors at the time of the tender offer.

Table 17

The Egyptian Fertilizers Company Financial Summary

(US$000)	FY 2001	FY 2002
Revenues	68,776	NA
Net Profit	20,500	NA
Current Assets	36,156	NA
Net Non-Current Assets	252,021	NA
Total Liabilities	149,510	NA
Equity/Net Worth	138,666	NA

Source: PEO; compilation and presentation by PIP

c. **Egyptian Financial and Industrial Company** (EFIC) is the largest producer of phosphate fertilizers in Africa and the Middle East. The Company was initially established in 1929 and started to produce fertilizers in 1940. EFIC owns two production facilities, Kafr el Zayat and Assiut. An upgrading of the Assiut facility will add 50,000 tons of annual production of PSSP by mid 2003. EFIC controls 70% of the local phosphate fertilizers market. Its main competitor is Abu Zaabal Fertilizers Company.

Government shareholders will offer interests representing between 25.3% and 38.7% of the issued and outstanding shares of Egyptian Financial and Industrial Company. Additional information will be made available to prospective investors at the time of the tender offer.

Table 18
Egyptian Financial and Industrial Company Financial Summary

	Fiscal Year Ending December 31	
(LE 000s)	**2001**	**2002**
Revenues	200,159	222,032
Net Income	42,000	47,795
Current Assets	274,472	300,212
Net Fixed Assets	391,453	442,646
Total Assets	743,148	789,193
Current Liabilities	231,329	236,317
Equity	487,801	503,598
Total Liabilities and Equity	743,148	789,193

Source: PEO; compilation and presentation by PIP

d. **Paints & Chemical Industries** (PACHIN) is the largest producer of paints and inks in the Egyptian market. The Company was established in 1958 and partially privatized in 1997. PACHIN owns two production facilities (El Sawah and Misr El Kadima) and a large warehouse in Alexandria. The Company is currently relocating to new larger facility at El Obour industrial city. PACHIN has a leading 30% market share of the Egyptian paint market. Egypt levies a 30% duty on imported paints.

The Government of Egypt, represented by the Holding Company for Chemical Industries, will offer its 39.75% of PACHIN shares. Additional information will be made available to prospective investors at the time of the tender offer.

Table 19
Paints & Chemical Industries Financial Summary

(LE million)	**Fiscal Year Ending 30 June**	
	2001	**2002**
Revenues	149.2	140.1
Net Profit	57.8	62.5
Current Assets	473.1	430.3
Net Fixed Assets	32.3	27.2
Current Liabilities	140.8	114.2
Total Liabilities	155.2	132.4
Equity	418.8	427.6

Source: PEO; compilation and presentation by PIP

2. Food Industry Sector

Table 20
Food Industry Sector Financials FY 2001/2002

Company	*Sales*	*Net Profit*	*Equity*	*Total Assets*	*Total Bank Debts*	*Profit Margin*	*Return on Equity*	*Return on T. Assets*
Food Sector								
Delta for Sugar	413,148	86,227	445,099	779,786	144,875	20.9%	19.4%	11.1%
Egyptian Food Company- Bisco Misr	110,831	24,097	64,877	116,029	1,545	21.7%	37.1%	20.8%
Egyptian Starch & Glucose	99,655	15,512	61,285	89,912	0	15.6%	25.3%	17.3%
El Dakahleya for Sugar	226,098	26,762	208,675	551,871	244,828	11.8%	12.8%	4.8%
National Company for Corn Products	184,193	16,841	(8,716)	275,077	226,695	9.1%	-193.2%	6.1%

Source: PEO; compilation and presentation by PIP

a. **Delta Sugar Company** (DSC) was established in 1978 under Law 230 of 1989, which was replaced by Law of Investment Incentives in 1997. The Company's main business is producing sugar from beets and other products related to sugar production.

Government-owned shareholders will offer interests representing between up to 87.9% of the total issued and outstanding DSC shares. Additional information will be made available to prospective investors at the time of the tender offer.

Table 21
Delta Sugar Company Financial Summary

(LE 000)	**FY 2001**	**FY 2002**
Revenues	413,148	426,296
Net Profit	86,227	140,473
Current Assets	230,210	294,638
Net Fixed Assets	467,230	451,507
Current Liabilities	113,332	117,385
Total Liabilities	334,687	297,324
Equity	445,099	531,009

Source: PEO; compilation and presentation by PIP

b. **The Egyptian Food Company Bisco Misr** (Bisco Misr) was established in 1957 and in 1991 was registered as an affiliate of the Food Industries Holding Company under law No. 203. Having partially privatized, Bisco Misr is currently subject to Law 159 for 1981. The Company produces a wide array of food snacks and confectionaries under several well-known brand names and exports a large proportion of its production.

The Food Industries Holding Company will offer interests representing 36.28% of the issued and outstanding shares of Bisco Misr. Additional information will be made available to prospective investors at the time of the tender offer.

Table 22

The Egyptian Food Company Bisco Misr Financial Summary

(LE000)	FYE June 30, 2001	FYE June 30, 2002
Revenues	101,733	110,831
Net Profit	27,887	24,097
Current Assets	62,732	67,117
Net Fixed Assets	23,628	23,607
Current Liabilities	41,867	44,240
Total Liabilities	42,424	45,784
Equity	65,233	64,877

Source: PEO; compilation and presentation by PIP

c. **Egyptian Company for Starch and Glucose** (ECSG) was established 1963 and became an affiliate of the Food Industries Holding Company until 1996, when the Holding Company reduced its holding to 39% through an initial public offering.
ECSG produces both starch and glucose mainly used for confectionary production. In addition, the Company produces cattle food and corn oil as by products. The Company depends on imported yellow corn for its production.

The Food Industries Holding Company will offer its 38.97% of ECSG shares. Additional information will be made available to prospective investors at the time of the tender offer.

Table 23

Egyptian Company for Starch and Glucose Financial Summary

(LE 000)	FY 2001	FY 2002
Revenues	99,654	115,588
Net income	15,210	15,682
Current Assets	38,9	42,4
Net Fixed and Other Assets	42,853	42,262
Total Assets	93,570	88,795
Current Liabilities	20,717	16,646
Equity	71,861	71,431
Total Liabilities and Equity	93,570	88,795

Source: PEO; compilation and presentation by PIP

d. **El Dakahleya for Sugar** started commercial operations in 1998. The Company produces white sugar from sugar beet. Other by-products are molasses (essential raw material in the chemical industry) and dried beet pulp (fodder). Due to a significant drop in sugar prices, the Company incurred losses during years 1998 and 1999. As sugar prices rose, the company became profitable and overcame part of its accumulated losses.
The Government of Egypt, represented by The Food Industries Holding Company is offering 100% of the shares of El Dakahleya Sugar Company. Additional information will be made available to prospective investors at the time of the tender offer.

Table 24
El Dakahleya for Sugar Financial Summary

(LE million)	FYE 31 Dec 2001	FYE 31 Dec 2002
Revenues	226	251
Net Profit	26.7	62
Current Assets	68	71
Net Fixed Assets	479	457
Current Liabilities	151	102
Long-term Liabilities	191	154
Equity/Net Worth	208	271

Source: PEO; compilation and presentation by PIP

e. **National Company for Corn Products** is the only company in the Middle East that produces natural sweeteners from starches, such as fructose and glucose, to be used in the soft drinks industry.

The Company located in the Industrial Zone of 10th of Ramadan City. Government-owned shareholders will offer interests representing up to 55.8% of the total issued and outstanding shares of National Company for Corn Products. Additional information will be made available to prospective investors at the time of the tender offer.

Table 25
National Company for Corn Products Financial Summary

(LE million)	FYE 31 Dec 2001	FYE 31 Dec 2002
Revenues	152,446	184,192
Net Profit	6,112	16,840
Current Assets	144,064	139,606
Net Fixed Assets	102,338	96,671
Current Liabilities	88,877	85,207
Total Liabilities	305	283

Source: PEO; compilation and presentation by PIP

3. Metallurgical & Petroleum Sector

Table 26
Metallurgical & Petroleum Sector Financials FY 2001/2002

LE 000

Company	*Sales*	*Net Profit*	*Equity*	*Total Assets*	*Total Bank Debts*	*Profit Margin*	*Return on Equity*	*Return on T. Assets*
Metallurgical and Petroleum Sectors								
Alexandria Co for Petroleum Products	NA	NA	NA	NA	NA	NA	NA	NA
Alexandria Mineral Oil - AMOC	NA	NA	NA	NA	NA	NA	NA	NA
Alexandria National Co. for Iron & Steel - Dekheila	2,975,164	23,190,	1,717,768	8,397,702	4,735,416	0.8%	1.4%	0.3%
Arab Co for Porcelain - Aracemco	70,952	4,743	43,012	85,618	0	6.7%	11.0%	5.5%
Egyptian Co for Prefabricated Concrete *	65,817	13,698	80,304	169,353	0	20.8%	17.1%	8.1%
Gas Misr Co.	428,273	134,244	600,529	1,288,413	0	31.3%	22.4%	10.4%

Source: PEO; compilation and presentation by PIP

a. **Alexandria Petroleum Products Company** manufactures and markets specialized petroleum products, such as bituminous insulation and synthetic and petroleum emulsions for asphalt.

Government-owned shareholders will offer interests representing up to 75.4% of the total issued and outstanding shares of the Company. Additional information will be available to prospective investors at the time of the tender offer.

Table 27
Alexandria Petroleum Products Company Financial Summary

(LE000)	**Fiscal Year Ending June 30,**	
	2001	**2002**
Revenues	0	0
Net Income	6,714	(1,702)
Current Assets	2,098	3,749
Net Fixed Assets	61,332	78,383
Total Assets	240,400	274,811
Total Current Liabilities	12,650	19,133
Total common equity	215,998	214,296
Total liabilities and equity	240,400	274,811

Source: PEO; compilation and presentation by PIP

b. **Alexandria Mineral Oils Company (AMOC)** was established in 1997 as a Joint Stock company. AMOC produces and sells petroleum products locally and markets such products for export. AMOC's head office is in Alexandria, Egypt. The Company's main Products are gas oil (engine fuel & heating oil), LPG (Domestic Purposes), and naphtha (Suitable feed-stock for catalytic reforming units for high octane gasoline's production). AMOC also manufactures lube oils: neutral base oils, transformer oils, and automatic transmission fluid. AMOC also produces waxes.

Government-owned shareholders will offer interests representing up to 90% of the total issued and outstanding shares of Alexandria Mineral Oils (the Company). Additional information will be made available to prospective investors at the time of the tender offer.

Table 28
Alexandria Mineral Oils Company Financial Summary

	Fiscal Year Ending June 31	
LE (000)	**2001**	**2002**
Revenues	NA	NA
Net income	NA	NA
Total current assets	191,349	NA
Net Fixed Assets	78,757	NA
Total assets	1,448,615	NA
Total current liabilities	216,969	NA
Total common equity	821,652	NA
Total liabilities and equity	1,448,615	NA

Source: PEO; compilation and presentation by PIP

c. **Alexandria National Iron & Steel Company (ANSDK)** started operations in 1986. The Company forms and manufactures iron and steel. ANSDK is currently operating under Law No. 8 of 1997. ANSDK has an annual production capacity from five plants of 2.8 million tons of steel, 1.8 million tons of which is steel rebars, of which it is the largest producer in Egypt. ANSDK is planning to export a majority of its annual production of flat steel, mainly to the United States, thus benefiting from the exemption Egypt enjoys from the U.S. steel tariffs.

Government shareholders, represented by the Metallurgical Industries Holding Company, will offer interests representing up to 44.81% of the total issued and outstanding shares of Alexandria National Iron & Steel Company. Additional information will be made available to prospective investors at the time of tender offer.

Table 29
Alexandria National Iron & Steel Company Financial Summary

(LE million)	Fiscal Year Ending December 31	
	2001	2002
Revenues	2,203	2,975
Net Profit (Losses)	(260)	23
Current Assets	1,550	1,695
Long Term Assets	6,420	6,703
Current Liabilities	2,473	3,008
Total Liabilities	3,795	3,672
Equity	1,701	1,718

Source: PEO; compilation and presentation by PIP

d. **The Arab Ceramic Company (ARACEMCO)** was established in 1975. Aracemco is a manufacturer of sanitary ware (complete sets) and ceramic tiles for walls and floors. The Company imports some of its raw materials and production requirements. The Company exports to Saudi Arabia, Kuwait, Syrian Arab Republic, Libyan Arab Jamahiriya, Iraq, United Arab Emirates, and South Africa

Government-owned shareholders, represented by the Metallurgical Industries Holding Company, will offer interests representing between 31.2% and 38% of the total issued and outstanding shares of ARACEMCO. Additional information will be made available to prospective investors at the time of the tender offer.

Table 30
The Arab Ceramic Company Financial Summary

(LE 000)	Fiscal Year Ending December 31,	
	2001	2002
Revenues	71,541	70,952
Net Income	4,874	4,743
Current Assets	59,419	64,177
Net Fixed Assets	24,935	21,076
Total Assets	84,602	85,618
Current Liabilities	30,193	28,606
Equity	40,409	43,012
Total Liabilities and Equity	84,602	85,618

Source: PEO; compilation and presentation by PIP

e. **The Egyptian Company for Pre-stressed Concrete** was established in 1978 to produce pre-stressed concrete pipes and steel pipes. The Company operates through a main plant located in the industrial zone of 10th of Ramadan city, Sharkeya governorate.

Due to the government's increase in new buildings projects and the failure of a competitor, the Company substantially increased it revenues for the fiscal year 2002 over the year-earlier period. For fiscal year ending December 31, 2002, the Company increased its production of concrete pipes reaching 68.4 kilometers, an increase of 1.253 times from the previous year.

The Engineering Industries Holding Company, through SIGWART, will offer interests representing 40% of the Company's total issued and outstanding shares. Additional information will be made available to interested investors at the time of the tender offer.

Table 31
The Egyptian Company for Pre-stressed Concrete Financial Summary

(LE 000)	Fiscal Year Ending December 31	
	2001	2002
Revenues	49,666	65,817
Net Profit	15,516	13,698
Current Assets	147,621	155,951
Net Fixed Assets	12,149	10,016
Current Liabilities	22,632	16,295
Total Liabilities	83,682	88,049
Equity	75	80

Source: PEO; compilation and presentation by PIP

f. **Gas Misr Company** was established in 1983 as a joint venture company. The Company develops and operates natural gas projects in Cairo, Alexandria, Giza and Port Said and serves residences, commercial buildings, industrial plants and power stations. The General Egyptian Petroleum Authority has assigned other projects to the Company in several other govern rates.

General Egyptian Petroleum Authority (GEPA) will offer 30% of the Company's total shares, so that the GEPA will maintain no less than 50% of total shares then outstanding.

Table 32
Gas Misr Company Financial Summary

(LE 000)	Fiscal Year Ending December 31	
	2001	**2002**
Revenues	448,000	428,000
Net Profit	134,500	134,000
Current Assets	995,829	1,059,247
Net Fixed Assets	50,945	46,622
Total Liabilities	668,019	687,884
Equity	548,448	600,528

Source: PEO; compilation and presentation by PIP

F. MPE Efforts towards Revitalization of the Privatization Program

Challenge A: Slow-down in sale, and diminishing local and Foreign Direct Investments due to several factors including regional instability, economic recession, and fluctuating exchange rate.

Measures Adopted	Achieved in 2003 to date
1. Activating and revitalizing the role of investment promoters	Finalization of the updating of the short list of investment promoters. Assigned 8 companies to 7 promoters. Launched a fund holding LE 2 million dedicated to financing retainer fees to promoters.
2. Offering viable as well as distressed companies for privatization using variety of new divestiture strategies	Introduction and implementation of the new "capitalization" technique (increase in capital subscribed to by private sector towards transferring majority stake) on 8 companies underway.
3. Reaching out to investment communities in Egypt.	Conferences and road shows with relevant organizations like Egyptian Businessmens Assoc. , Egyptian Federation of Industry, and the American Chamber of Commerce in Egypt.
4. Reaching out to investment communities overseas.	Joint Road-show trips with USAID's PIP in Europe and the Gulf
5. Provision of proper information to attract investors	Reliance onPIP to prepare standard Fact Sheets, Profiles, and Information Memos for certain companies preparing them for sale. Design and production of "Company Profiles" for each of the remaining 178 companies. Continuous update of the official website of the MPE as well as the website of PIP to include profiles of companies under divestiture.

Challenge B: The limited inflows from privatization proceed to the restructuring fund to finance further restructuring of remaining companies

Measures Adopted	Achieved in 2003 to date
1. Resorting to techniques other than cash settlement of bank	Top-level negotiations with creditor banks and the Central Bank, whereby significant progress has been achieved in 2003 to reach a comprehensive settlement agreement for LE 30 billion of bank debts owed by 178 companies to 5 state-owned banks. A tentative/draft agreement has been prepared by the MPE.
2. Repackaging the remaining companies/assets towards facilitating their ultimate divestiture	Obtained further privileges and facilitations for transactions involving re-capitalization of distressed companies, including valuation of all assets -except land- at book value. This comes alongside the facilities previously approved in 2001 for distressed companies like transfer of working capitalitems like inventory, as well as excess debts, to HCs.
3. Continue financial, technical and labor restructuring through the limited resources of the Restructuring Fund	Disbursement from the fund for the three purposes of restructuring is ongoing.

Challenge C: Need to re-activate the efforts of the GOE towards selling the public sector interests in 641 joint venture entities

Measures Adopted	Achieved in 2003 to date
1. Streamlining efforts of several entities holding shares in JVs like banks, insurance companies, public enterprises…etc.	Pursuant to the two ministerial decrees 1500 and 1501 of 2002, more coordination took place in 2003 to identify the pool of JVs that fall under the domain of the JV Divestiture Committee led by the MPE.
2. Establishing a comprehensive information system/database to support decision-making in JV program	A comprehensive database was established building on 4 separate sources of info on the 641 entities, including direct coordination with the Central Auditing Agency to source and verify data.

Challenge D: Awareness and mobilization of public opinion to privatization, and capacity building

Measures Adopted	Achieved in 2003 to date
1. Design and implementation of a Public Awareness Campaign to maintain supportive public opinion	Co-design and partial implementation of an awareness plan/campaign with the IBM/Privatization Implementaiton Project (PIP) funded by USAID Focus groups were formed from several target groups in a workshop. Several TV episodes were broadcasted for awareness purposes involving H.E. Minister of Public Enterprise.

G. Illustrative Public Announcements

Privatization related public announcements disseminated in the press during the reported period are translated and presented hereafter.

A Boom in Metallurgical Companies Sales and Exports

Minister of Public Enterprise Mokhtar Khattab has received the latest report regarding the Metallurgical Industries Holding Company's performance for the period from 1/7/2002 till 31/3/2003. The report indicates that the 16 affiliated companies have generated production worth LE 3.245 billion compared to LE 2.921 billion. Total sales reached LE 3.424 billion, compared to LE 2.974 billion, an increase of 115%. Adel El Danf, Chairman of the Metallurgical Industries Holding Company stated that the improvement in operating indicators had been reflected on the surplus available for distribution which totaled LE 219 million compared to LE 121 million for the comparison period. The total deficit for loss making companies dropped from LE 592 million to LE 541 million.

AL AHRAM, JUNE 1,2003

Establishing an Egyptian French Company for the Development and Marketing of Egyptian Spinning and Weaving Products

Minister of Public Enterprise Mokhtar Khattab stated that an agreement has been reached to establish a joint Egyptian French company for the marketing of ready made garments and the development of the spinning and weaving industry in cooperation with a French company. According to Khattab, the agreement is part of a program of talks conducted in France with a large number of French companies for increased cooperation and Investment in Egypt.

AL AHRAM, MAY 23,2003

Allowing Arabs and Foreigners to Own Holdings in Banks

The Peoples Assembly yesterday gave its approval to non-Egyptian ownership of interests in the capitalization of Egyptian banks without any restrictions on the size of these holdings. The government indicated that foreigner and Arab ownership of bank holdings would be subject to stringent controls to the extent that would prevent domination over these banks.

AL ALAM EL YOUM, MAY 22, 2003

LE 15 Million for Kafr Dawar Spinning and Weaving and Settlement of Worker Situation in Alexandria Spinning

A decision has been made to start the implementation of a joint plan between the General Syndicate of Egyptian Labor Unions and the Ministry of Public Enterprise concerning the reform and settlement of spinning and weaving industry problems. The decision focuses on the replacement and renewal of machinery and equipment as well as the implementation of the final phase of the early retirement scheme. Sayed Rashed, Chairman of General Syndicate for Egyptian Labor Unions stated that the Minister of Public Enterprise Mokhtar Khattab had agreed to the Ministry's injection of funds into these companies to immediately embark on their development. This includes LE 15 million for Misr Spinning and weaving in Kafr El Dawar

AL AKHBAR, MAY 22, 2003

A Company for Management of Railway Authority Lands Within Four Months

Hamdy El Shayeb, Minister of Transportation, stated that procedures for the establishment of a new company for management of Railway Authority lands would be finalized within the next four months. Following his meeting with the head of the Egyptian Railway Authority yesterday, El Shayeb stated that the board of directors of the new company would be formed of experts once incorporation procedures had been completed in order to allow the company to start exercising its duties. These duties focus mainly on the identification of unutilized land owned by the Authority, currently estimated at 130 thousand meters, in preparation to utilize this land in tourism and service projects.

AL WAFD, MAY 20, 2003

Parliamentary Committee Approves US Grant for Modernization of Customs Systems and Facilitation of Trade Services

The Shoura Council Economic and Financial Affairs Committee has approved a $10 million grant agreement from USAID for the strengthening of the trade and investment environment in Egypt. The grant will develop and modernize customs services as well as facilitate trade services. The agreement requires that USAID's contribution to the realization of these objectives not exceed $30 million to be provided in installments. According to the agreement, the Egyptian government will provide the required funds for completing activities in the agreement objectives. The Egyptian government's contribution will be no less than $1.3 million.

AL ALAM AL YOUM, MAY 15, 2003

LE 4 Billion Total Exports in the Spinning and Weaving Sector The economic reform and restructuring program for public enterprise spinning, weaving, ready-made garments companies has achieved excellent results, with expectations of a boost in export levels to reach a total of LE 4 billion by the beginning of next year. Al Ahkbar has learnt that Mohsen Gilani, Chairman of the Spinning Weaving and Ready Made Garments Holding Company has prepared an important report regarding results of the program, which has been reviewed by Minister of Public Enterprise Mokhtar Khattab. According to the report, factories in this sector are suffering from a lack of modern equipment and the failure to inject any new investments into new production lines or handling of bottlenecks in various production segments, or the provision or required spare parts. The report shows that total amounts required for companies amounts to $245 million for equipment imports, in addition to LE 300 million to build up the capitalization of a number of companies.

AL AKHBAR, MAY 14, 2003

Sale of Remaining Public Sector Interests in 817 Companies to Date

Minister of Public Enterprise Mokhtar Khattab received a report regarding companies offered for sale during the current year, prepared by the Public Enterprise Office. Hamdy Rashad, Head of the PEO stated that the report shows that a total of 192 privatization operations have been carried out up till the end of December 2002 with a value of LE 17 billion, with the peak of sales

taking place in 1997. The report indicates that the government still has a remaining interest in 176 companies in the public enterprise sector, as well as shares in 56 companies which have undergone privatization as well as shares in 90 joint ventures which the public enterprise sector is responsible for. There are also interests in 495 joint ventures, which the other owners are responsible for selling, with total remaining public enterprise holdings number 817.

AL AHRAM, MAY 14, 2003

Abu Kir Fertilizers to Contribute a 20% Interest to a New Project for Manufacture of Urea Fertilizers The Abu Kir Fertilizers and Chemical Industries Company decided to participate in a project for the production of urea fertilizers, and will be a main shareholder providing 20% of project capitalization, provision of technical services and the land required to establish the project. Company sources indicated that agreement to participate in the project came in the wake of a decision to cancel the Abu Kir 4 project for the production of ammonia because of new developments in the market that lead to a decline in economic feasibility indicators. Funding for the new project will come through Abu Kir's retained earnings for the fiscal years 2001/20002 and 2000/2001.

AL ALAM EL YOUM, MAY 11, 2003

LE 6199 Million in Privatization Proceeds from Metallurgical Industries Companies

The Metallurgical Industries Holding Company realized the highest completion levels in the privatization program since its startup and to date, with privatization proceeds amounting to LE 6199 million. Nine companies have been sold to anchor investors, and four companies undergoing majority sale. Only a single company witnessed the sale of 50% or less of its shares. Minister of Public Enterprise Mokhtar Khattab stated that he had received a report from Adel El Danf Chairman of the Metallurgical industries HC, in which he stated that total production assets which have been divested since the start of the privatization program to date amounted to six assets including a factory affiliated with the Delta Steel Company and the tin factory affiliated with the Cairo Metallurgical Products Company.

AL AKHBAR, MAY 2, 2003